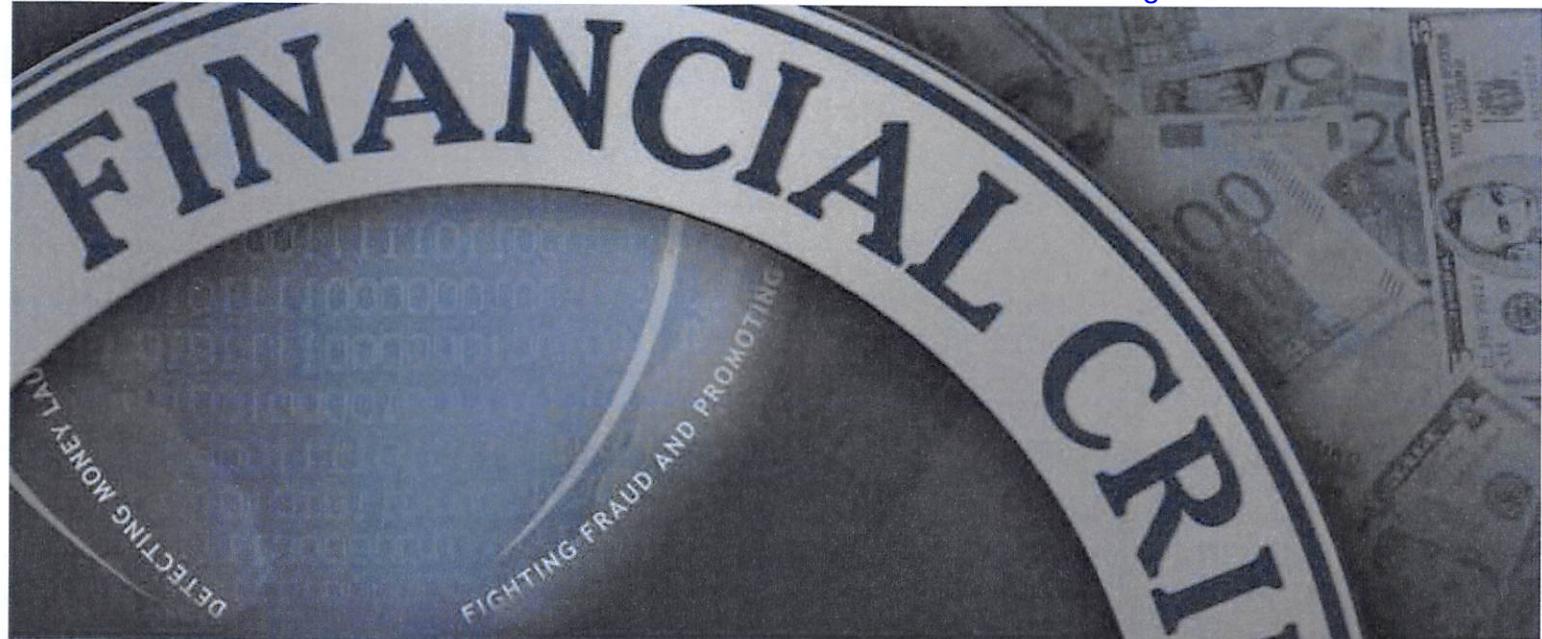


EXHIBIT 5

FinCEN 2011 Annual Report



Annual Report

Financial Crimes Enforcement Network

Fiscal Year **2011**



Mission Statement

FinCEN's mission is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.

Remarks

TFI Reflects Upon Anniversary of Terrorist Attacks, Continues to Combat Terrorist Financing

"The long arc of Treasury's efforts to counter terrorist financing began before 9/11, with work by Secretaries Rubin, Summers, and O'Neill to combat money laundering.

After 9/11, it was evident that we needed a dedicated office to disrupt the funding networks to terrorist organizations. Secretary Snow established Treasury's Office of Terrorism and Financial Intelligence, or TFI, and President Bush named Stuart Levey its first Under Secretary.

Stuart, together with a remarkably talented group of individuals, built a comprehensive strategy to combat terrorist financing, armed with an innovative, powerful set of tools. Their accomplishments have fundamentally changed and strengthened the way we fight terrorism.

That team - which is led today by David Cohen, Danny Glaser, Leslie Ireland, Adam Szubin and Jim Freis - continues to carry on the work that Stuart and Secretary Paulson were instrumental in establishing."

Timothy Geithner
Secretary of the Treasury
Remarks as Prepared for Delivery at the Department's Counter-Terrorist
Financing Symposium
September 8, 2011

Message from the Director



The past year has been one of the most productive in FinCEN's history, and one of which the women and men of FinCEN can be justifiably proud. Our successes can be attributed to fulfillment of our core mission in supporting law enforcement and protecting the integrity of the financial markets against criminal abuse. Fiscal year 2011, as well as looking ahead to 2012, will serve as a period of transformation as we dedicate significant time and effort to forward-looking investments – in technology and the people who use it, while solidifying existing and developing new partnerships – that will yield benefits for years to come.

As FinCEN celebrated the 20th anniversary of its establishment last year, we recalled the visionaries who conceived of a dedicated, data-driven network to link law enforcement at the Federal, State, and local levels; together with a broad range of financial institutions and the agencies that supervise them; both domestically and internationally; and to leverage their collective insights in furtherance of a common goal of protecting our people against the scourge of money laundering and other financial crime. Since time immemorial, we have known that money motivates almost all criminal behavior. The insight of these founders was how to better follow the money and turn financial information into financial intelligence to detect and deter criminal behavior. The greatest tribute to those visionaries is for FinCEN to bring their dreams to fruition, and in fiscal year 2011 the facts speak for themselves.

FinCEN is fundamentally a service organization to law enforcement, and, therefore, we measure our performance in relevant part by our ability to advance the missions of our respective law enforcement customers. FinCEN analysis at the strategic level supports intelligence-led efforts to more efficiently deploy law enforcement resources to combat threats, while case level analysis furthers specific criminal investigations and prosecutions. Even as we have focused for decades on expanding law enforcement access to, and utilization of, the financial transactions reporting that FinCEN collects and holds in the public trust, our collective experience has repeatedly and increasingly confirmed the value to law enforcement of analytical support by FinCEN's small yet

Message from the Director

highly specialized team. This can best be understood in the context of the facts that a criminal investigator, even one specialized in financial crime, may spend years on all aspects of a case in which detailed financial transactions analysis comprises only a small percentage of the investigator's time (even if a critical component) in comparison to other duties involving surveillance, interrogation, evidence gathering, etc.

FinCEN dedicates its finite analytical resources to support those criminal investigations demanding advanced expertise in interpreting the ways money moves, involving large amounts of data, or novel situations where the insights from the specific investigation can be extrapolated and shared across the many agencies FinCEN supports. In this past year's survey of law enforcement, FinCEN's customers reported a 6 percentage point increase to 86 percent of them confirming that FinCEN's analytic reports contributed to the detection and deterrence of financial crime, for example by generating a new lead, providing information previously unknown, or resulting in the opening of a new investigation. This positive impact of FinCEN analytical support in individual cases – be they related to healthcare fraud, narcotics trafficking, or terrorist financing – was particularly noteworthy when viewed in conjunction with the increased number of cases supported: in fiscal year 2011, the number of law enforcement requests received was up 27 percent over 2010 and double that of only two years earlier in 2009.

On the regulatory front, FinCEN also delivered more substantive improvements than in perhaps any year in its history. FinCEN saw through to fruition the effort to reorganize our regulations in a more clear and straightforward way, and thereby also provide a logical framework for any future changes. The MSB rules were clarified to better reflect evolution of the industry and its oversight over the past dozen years. FinCEN also expanded its regulations to cover two new sectors: prepaid access and non-bank mortgage brokers and originators, which regulations will take full effect in 2012. The regulations over these two distinct and significant financial sectors address regulatory gaps that criminals have sought to exploit. In 2011, FinCEN also implemented a regulation in furtherance of the Comprehensive Iran Sanctions, Accountability, and Divestment Act, in addition to the abovementioned efforts to implement provisions of the Bank Secrecy Act.

Message from the Director

What I am most proud about it is that our regulatory efforts in the past year have been more closely coordinated with law enforcement than ever before – at all stages, from prioritizing our efforts in light of risks, and in seeking to strike the right balance in promoting legitimate activity while making financial institutions more resistant to criminal abuse. This unprecedented level of coordination also continues in our advisories to financial institutions, where we have sought to develop red flags from actual law enforcement cases and our experience in interpreting them.

In the international arena, FinCEN continues to realize the vision of our predecessors, as well as gain commitments to do more for the future. The Egmont Group of financial intelligence units (FIUs) gained seven new members, swelling its ranks with representatives from 127 jurisdictions, while also committing to further strengthen the FIU channel for exchange of information. This underscores the global recognition of the importance both of anti-money laundering and counter-terrorist financing (AML/CFT) efforts, as well as the critical and unique role played by FIUs. More importantly, however, FinCEN exchanged case information in furtherance of actual law enforcement investigations with FIUs from almost 100 different jurisdictions. Egmont discussions have also increasingly included AML/CFT regulatory aspects, a reflection that FIUs from a majority of jurisdictions around the world now combine certain regulatory responsibilities as mutually reinforcing together with the traditional functions of collection, analysis, and dissemination to law enforcement of financial information.

Just 5 years ago, the foremost question raised by financial institutions was about AML/CFT reporting requirements – out of concern that reports were filed but rarely reviewed. The public record is now strong that the information reported by financial institutions is utilized carefully and wisely to protect our citizens and our economy. In past annual reports, I have highlighted our efforts to share more information with regulated institutions and promote communication and understanding in both directions. Today, there is a much more constructive dialogue about how both industry and the government can focus limited resources to the areas of greatest risk. FinCEN's outreach efforts with financial institutions have been an unqualified success, and we look forward to continuing them, as resources permit, in particular with newly regulated sectors.

Message from the Director

FinCEN's investment in information technology continues. Following 3 years of planning, in 2010 FinCEN launched a multi-year IT modernization, moving through design and building phases in 2011. As this annual report is finalized for publication, FinCEN is preparing to assume for the first time the system of record of the reports filed pursuant to FinCEN regulations implementing the Bank Secrecy Act. With this milestone, FinCEN will also take over responsibilities related to industry reporting that the IRS has performed for the past forty years, while continuing the transition from paper to electronic filing. In 2012, FinCEN will begin synthesizing these reports with other information sources to make enhanced information and a broader range of data available to FinCEN analysts and external users, together with additional analytical tools. We look forward to employing new, more capable analytical tools not only in support of law enforcement, but also in developing a more risk-based approach to our compliance supervisory efforts, particularly as we seek to cover newly regulated sectors and to partner more closely with State supervisors. Further investments in the coming year will lead to future capacities to bring critical, more refined, and more timely information to the attention of targeted law enforcement personnel, and to further track the protection, use, and usefulness of that information.

In all of these achievements, FinCEN's greatest resource remains its people, and the relationships of trust they have earned with our partners across the country and across the globe. Their dedication and commitment to FinCEN's mission serves as a constant source of inspiration. As with many others in public service, in a time of fiscal constraints, we are called upon to do more with less. For the first time in FinCEN's history, our staff numbers declined, as we took a prudent posture to implement declining budgets. More than ever we need to focus on the unique value FinCEN can create, prioritize efforts among many opportunities, and manage expectations among many external stakeholders as to what we can reasonably achieve when we work together.

We begin 2012 with a long list of tasks, including investing in our people to prepare them to best put to use the expanded, IT-enabled environment being developed; promoting a more risk-based approach for facilitating compliance in expanded industry sectors; and engaging

Message from the Director

with domestic and international partners committing increasing resources and prioritization to utilizing financial intelligence. I am sure that FinCEN will rise to these challenges, and am confident that we are at our strongest when we draw upon all of our authorities and know-how from the law enforcement support and regulatory sides, domestic and international.

James H. Freis, Jr.
Director
December 2011

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Key Partners

FinCEN works closely with regulatory, law enforcement, private sector, and international partners. Organizations with which FinCEN has a strong working relationship include the Federal regulatory agencies, law enforcement, the Bank Secrecy Act Advisory Group (BSAAG), and the Egmont Group of FIUs. The BSAAG provides a key forum for FinCEN's domestic constituencies to discuss pertinent issues and to offer feedback and recommendations for improving BSA records and reports. FinCEN interacts with its international partners through the Egmont Group, as well as through direct information sharing agreements.

Regulatory Agencies

Responsibility for conducting examinations for compliance with FinCEN's regulations has been delegated to the following Federal regulatory agencies with respect to the financial institutions they supervise:

- Federal Deposit Insurance Corporation
- Board of Governors of the Federal Reserve System
- Office of the Comptroller of the Currency
- National Credit Union Administration
- U.S. Securities and Exchange Commission
- U.S. Commodity Futures Trading Commission

FinCEN has delegated compliance examination activities for regulated financial institutions without a Federal regulator to the IRS-SB/SE. FinCEN assists and supports all of these agencies to promote effective and uniform application of its regulations, and they refer to FinCEN cases of significant non-compliance. FinCEN retains responsibility for enforcement actions for violations of the BSA and FinCEN's implementing regulations.

FinCEN also works closely with State regulators to promote compliance by the financial institutions they supervise.

Law Enforcement

FinCEN partners with members of the law enforcement community using a number of mechanisms to facilitate broad customer access and input. FinCEN has relationships with the largest Federal law enforcement agencies through direct information sharing agreements and full-time detailed assignments of law enforcement agents and analysts to work at FinCEN, and with the U.S. Attorneys' Offices as well as DOJ's headquarters, information sharing agreements, the Financial Fraud Enforcement Task Force, and DOJ's National Advocacy Center. Similarly, the Gateway Coordinator Program facilitates data access and information sharing with central law enforcement contacts in all 50 states and major local authorities throughout the country. FinCEN supports these agencies' investigative efforts and works with them on potential financial crime-related issues.